

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

MAY 19, 2015

Development of New Library and Senior Affordable Housing in Willowbrook

In September 2012, the Community Development Commission of the County of Los Angeles (Commission) issued a Request for Qualifications/Concepts for the vacant land located on the northwest corner of 118th Street and Wilmington Avenue in the unincorporated community of Willowbrook (Property). In March 2013, the Commission entered into an Agreement to Negotiate Exclusively with Thomas Safran and Associates (TSA) in order to develop the Property. TSA specializes in building, owning and operating affordable housing and mixed-use projects that house seniors and families throughout California and has done so for over forty years.

Across the street from the Property, the Willowbrook Branch Public Library, which is operated by the County of Los Angeles (County) Public Library Department (Public Library), has been operating in a 2,200 square foot, leased facility at 11838 Wilmington Avenue since 1987. It is undersized and does not meet the community's current library service needs.

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Accordingly, TSA proposed development of the Property to include a new 8,000 square foot County library branch and WorkSource center, and parking (collectively, Library). The Project will also include a community room to be used jointly by the Library, its patrons and the residents of the housing units. The housing component of the Project will include subterranean parking, 104 senior housing units, of which 22 will be reserved for occupancy by frequent users of services provided by the Los Angeles County Department of Health Services, and one manager's unit.

The total estimated project cost is \$38.4 million and will be offset by a variety of funding sources including the Second District capital improvement fund (\$4.617 million), Utility User Tax Revenue allocated to the Second District (\$600,000) (collectively, County Funds), Section 108 Guarantee Loan from the U.S. Department of Housing and Urban Development (HUD) (\$1.6 million), a companion Economic Development Initiative (EDI) grant from HUD (\$1.6 million), Commission Affordable Housing Trust Fund (\$3.222 million), and Second District Transportation Improvement Program Road Fund (\$370,000) In addition to permanent loans, TSA will also apply for almost \$20 million in low-income housing tax credits through the California Tax Credit Allocation Committee on July 1, 2015.

County Funds not required for the development of the Library portion of the Project will be used by the Commission for portions of the Project related to construction and/or improvements which meet the social needs of the County. Such improvements may include the construction and/or improvements of the community room or other public spaces within the Property that serve library patrons, seniors, low-income citizens and frequent users of health services within the Project site.

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Eleven of the thirteen parcels comprising the Property were originally purchased by the Redevelopment Agency of the County of Los Angeles with a combination of Community Development Block Grant funding and tax increment dollars. Following the dissolution of redevelopment agencies (State Redevelopment Law), the Successor Agency (Agency) of the County has since taken all necessary steps to seek approval from the California Department of Finance (DOF) to retain the Property and construct this Project. The final step, which requires DOF's review of the compensation agreement that have already been approved by all taxing entities, the County and the Agency, is underway.

On April 14, 2015, consistent with State Redevelopment Law, the Commission executed quitclaim deeds effectuating the County's ownership of the entire Property. However, to allow for continuity in the development of the Project, the County proposes to transfer the entire Property back to the Commission, on the condition that the Project is built according to the terms set forth in a Transfer and Funding Agreement between the County and the Commission. The Commission will then enter into a Disposition and Development Agreement (DDA) with TSA for the development of the Project. Pursuant to the terms of the DDA, the Commission will transfer, via quitclaim deed, the senior housing portion of the Project to TSA and will ground lease the parcels that are to be improved with the Library and its parking to TSA for construction of such improvements. Upon completion of construction and issuance of a Certificate of Occupancy for the Library, the Commission will terminate the ground lease with TSA and execute a quitclaim deed in favor of the County to return the fee interest in the Library parcels to the County.

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On February 11, 2015, the Los Angeles County Regional Planning Commission (Planning Commission) conducted a public hearing on the Project, consisting of Conditional Use Permit and Housing Permit, to authorize development of the Project in the C-2 (Neighborhood Business) and R-2 (Two-Family Residential) zones. In connection with the requested entitlements, the County Department of Regional Planning prepared a Mitigated Negative Declaration (MND) pursuant to the California Environmental Quality Act (CEQA) and the State and County CEQA Guidelines. The MND analyzed the environmental effects of the Project, including but not limited to the development of the 105 residential units and the development and operation of a Library on the Property, and concluded that the Project's environmental effects would be less than significant with mitigation. At the conclusion of the public hearing, the Planning Commission adopted the MND and approved the Project entitlements. The Planning Commission's decision became effective on February 26, 2015.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Pursuant to CEQA and the State and County CEQA Guidelines, having considered the MND adopted for the Project by the Planning Commission on February 11, 2015, effective as of February 26, 2015, find that the foregoing actions and approvals are entirely within the scope of the MND, and constitute subsequent actions and approvals for the same Project evaluated and considered in such MND;
2. Find that the transfer of the Property to the Commission and allocation of County Funds in an amount not to exceed \$5.217 million to fund construction and/or improvements of the Library and for the construction and/or improvements of the community room and

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other places within the Project site are necessary to meet the social needs of the County, pursuant to Government Code Section 26227;

3. Delegate authority to the Interim Chief Executive Officer, or her designee, upon approval as to form by County Counsel, following final review of the compensation agreement by DOF, to execute, and if necessary, amend or terminate the Transfer and Funding Agreement between the County and the Commission to transfer the Property to the Commission and grant the Commission the County Funds in an amount not-to-exceed \$5.217 million pursuant to Government Code Section 26227 conditioned on, among other things, that (a) the Project be completed as described herein above; (b) the Library portion of the Project be completed pursuant to plans approved by the Public Library, and (c) fee interest in the Library parcels be returned to the County upon completion of the Library;
4. Delegate authority to the Interim Chief Executive Officer and the Director of Public Works, or their respective designees, upon approval as to form by County Counsel, to execute, and if necessary, amend or terminate a Memorandum of Understanding (MOU) among Department of Public Works (DPW), the Department of the Chief Executive Office and the Commission, to address the Project financing, repayment of loans, to set forth the requirements and conditions for use of the DPW funds and any other terms related to the development of the Library and road improvements of the Project;
5. Authorize the Director of Real Estate, or his designee, to accept the quitclaim deed from the Commission for the Library parcels on behalf of the Interim Chief Executive Officer

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pursuant to Section 2.08.168 upon completion of construction and issuance of a Certificate of Occupancy for the Library;

6. Instruct the Interim Chief Executive Officer and the Auditor-Controller to transfer \$4.617 million from the Second District Capital Improvements budget unit (Capital Project #77044) and \$600,000 from the Provisional Financing Uses (Second District Allocation) to the Project and Facility Development budget unit;
7. Instruct the Interim Chief Executive Officer, or her designee, to transfer an amount not-to-exceed \$5.217 million in funds comprised of \$4.617 million from the Second District Capital Improvement Fund (Capital Project #77044) and \$600,000 of Utility User Tax Revenue allocated to the Second District to the Commission consistent with the terms stated above and pursuant to the Transfer and Funding Agreement, and for the construction and/or improvements of the community room and other places within the Project site are necessary to meet the social needs of the County, pursuant to Government Code Section 26227;
8. Instruct the Director of DPW, or her designee, to allocate an amount not-to-exceed \$370,000 to the Commission from the Second Supervisorial District's Transportation Improvement Program Road Fund for completion of road improvements for the Project pursuant to the terms of the MOU;
9. Direct the Interim Chief Executive Officer, or her designee, to take all other reasonable action to cooperate with TSA's application to the California Tax Allocation Committee for low-income housing tax credits and any other necessary financing for the Project;

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10. Approve the submission of two applications to HUD to fund the Library portion of the Project, an approximately 8,000 square foot facility to be located at 11737 Wilmington Avenue, Los Angeles, California 90059, within the federally designated Empowerment Zone, for a Section 108 Guarantee Loan of approximately \$1,600,000 which would have an approximate annual repayment requirement of \$126,000 per year for 18 years for a total obligation of approximately \$2,268,000 and be funded with savings from the Public Library's existing Willowbrook library lease which will be terminated, Library carryover Utility Users Tax dedicated for this service area, and Utility User Tax Revenue allocated to the Second District as well as a companion submission for an Economic Development Initiative (EDI) grant of approximately \$1,600,000;
11. Designate the Commission to act as the agent of the County for submission, execution, implementation and receipt of the Section 108 Guarantee Loan and EDI grant application to HUD, and for any other HUD-required actions necessary to complete the application for the Library portion of the Project; and
12. Authorize the Interim Chief Executive Officer, or her designee, to take any other actions necessary consistent with and/or necessary for the implementation of the foregoing actions.

I FURTHER MOVE THAT THE BOARD OF SUPERVISORS, ACTING AS THE COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Pursuant to CEQA and the State and County CEQA Guidelines, having considered the MND adopted for the Project by the Planning Commission on February 11, 2015, effective as of February 26, 2015, find that the foregoing actions and approvals are

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entirely within the scope of the MND, and constitute subsequent actions and approvals for the same Project evaluated and considered in such MND;

2. Authorize the Commission's Executive Director, or his designee, to execute, and if necessary, amend or terminate, after review and approval by County Counsel, the Transfer and Funding Agreement with the County to grant the Commission the County Funds in an amount not-to-exceed \$5.217 million and transfer the Property to the Commission, conditioned on, among other things, that (a) the Project be completed as described herein above; (b) the Library portion of the Project be completed pursuant to plans approved by the Public Library, and (c) fee interest in the Library parcels be returned to the County upon completion of the Library;
3. Authorize the Commission's Executive Director, or his designee, to execute, and if necessary, amend or terminate, after review and approval by County Counsel, a Memorandum of Understanding among DPW, the Department of the Chief Executive Office and the Commission, to address the Project financing, repayment of loans, to set forth the requirements and conditions for use of the DPW funds and any other terms related to the development of the Library and road improvements of the Project;
4. Authorize the Commission's Executive Director, or his designee, to accept and incorporate into its Fiscal Year 2015-2016 approved budget an amount not-to-exceed \$5.217 million pursuant to the Transfer and Funding Agreement, as well as the DPW funds in an amount not-to-exceed \$370,000 pursuant to the MOU, for the purposes described above;

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5. Authorize the Commission's Executive Director, or his designee, to award \$2.685 million in Affordable Housing Trust Funds (AHTF) from its Notice of Funding Availability Round 20 allocation, and an additional \$537,000 in AHTF, as needed, for unforeseen Project costs, and to negotiate, execute, and if necessary, amend, reduce, or terminate a Loan Agreement and any documents necessary to complete the financing and construction of the Project, including but not limited to documents to subordinate the loans to permitted construction and permanent financing, and any intergovernmental, interagency, or inter-creditor agreements necessary for the implementation of the Project, following approval as to form by County Counsel;
6. Authorize the Commission's Executive Director, or his designee, to incorporate, as needed, up to \$3.222 million in AHTF into the Commission's current year approved Fiscal Year budget, for the purposes described above;
7. Authorize the Commission's Executive Director, or his designee, to execute and receive a Section 108 Contract for Guarantee Loan Assistance and EDI grant agreements with HUD, and all related documents, and to take all HUD-required actions on behalf of the County, following approval as to form by County Counsel;
8. Authorize the Commission's Executive Director, or his designee, to execute any future amendments to the Section 108 Contract for Guarantee Loan Assistance and related documents; to take all HUD-required actions to modify loan conditions and interim and permanent financing; and to execute all related documents to participate in HUD's public offering of notes, for the purposes described above, following approval as to form by County Counsel;

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9. Authorize the Commission's Executive Director, or his designee, following approval by HUD, to accept from HUD on behalf of the County, the Section 108 Guarantee Loan and EDI grant funds awarded by HUD for the development of the Public Library portion of the Project and to incorporate, as needed, approximately \$1.6 million in Section 108 Guarantee Loan funds and approximately \$1.6 million in EDI grant funds into the Commission's then approved Fiscal Year budget, for the purposes described above;
10. Authorize the Commission's Executive Director, or his designee, to negotiate, execute and if necessary, amend or terminate a ground lease with TSA for the Library parcels during construction of the Library;
11. Authorize the Commission's Executive Director, or his designee, to transfer the Library parcels through a quitclaim deed to the County upon completion of construction and issuance of a Certificate of Occupancy for the Library; and
12. Authorize the Commission's Executive Director, or his designee, to take all other necessary actions in order to cooperate with TSA's application to the California Tax Credit Allocation Committee for low-income housing tax credits and any other financing required to fully fund the Project, including but not limited to the write down of the land cost in order to make the Project financially feasible.

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